S471D-2-4

# ANNUAL REPORT

## FISCAL 1985

## DIVISION OF WORKERS' COMPENSATION

TABLE OF CONTENTS


| | Page |
|---|---|
| PREFACE | 2 |
| SECTION I | |
| Division Administration | 3 |
| SECTION II | |
| Financial Reports | 5 |
| Balance Sheet (Excluding State Compensation Trust Fund) | 6 |
| Statement of Changes in Fund Balance (Excluding State Compensation Trust Fund) | 8 |
| Notes to the Financial Statements | 10 |
| Schedule of Federal Grants | 14 |
| Program Cost Statement (Excluding State Compensation Trust Fund) | 15 |
| Comparative Statement of Sources of Revenue (Excluding State Compensation Trust Fund) | 16 |
| Comparative Summary of Plans I, II, and III | 17 |
| SECTION III | |
| State Compensation Insurance Fund | 18 |
| Balance Sheet | 19 |
| Statement of Operations and Changes in Reserves | 20 |
| Statement of Changes in Fund Balance | 21 |
| Premium Distribution | 22 |
| Actuarial Opinion Letter | 23 |
| SECTION IV | |
| Crime Victims' Compensation | 24 |
| SECTION V | |
| Uninsured Employers' Fund | 27 |
| SECTION VI | |
| Work Injury Reports | 28 |
| Degree Injuries Affected Employee Work Attendance | 29 |
| Cause of Fatalities Within Major Industry | 30 |
| Nature and Occurrence of Work Injuries in Montana | 31 |
| Occupational Safety & Health Act Survey | 33 |

## PREFACE

The Division of Workers' Compensation has the mission of conserving the working person's earning power. It does this by:

Assisting employers' prevention of accidents and occupational disease,

Ensuring compensation to offset wage loss and medical costs due to accident, occupational disease and crime, and

Encouraging the retraining of workers who need to learn new work skills to overcome incapacities caused by accident or disease in the workplace.

This has been the mission of the Division (previously the Industrial Accident Board) since 1915, when the first compensation act was passed in Montana. This is the seventy-first publication of the annual report and presents the Division's activities for the fiscal year ended June 30, 1985. For further information please direct your inquiries to Division of Workers' Compensation, 5 S. Last Chance Gulch, Helena, Montana 59601.

Robert J. Robinson
Administrator

## SECTION I
## DIVISION ADMINISTRATION

The Division was created to administer several laws relating to the industrial operations in this state. These include the administration of industrial safety laws, as well as the payment of benefits to workers injured in the course and scope of employment. The laws set forth below are under the administrative jurisdiction of the Division, with reference made to the title and chapter numbers in the Montana Code Annotated:

Industrial Safety

1. Occupational Safety Act, Title 50, Chapter 71
2. Safety in Mines Other Than Coal Mines, Title 50, Chapter 72
3. Safety in Coal Mines, Title 50, Chapter 73
4. Boilers and Steam Engines, Title 50, Chapter 74
5. Hoisting Engines, Title 50, Chapter 76

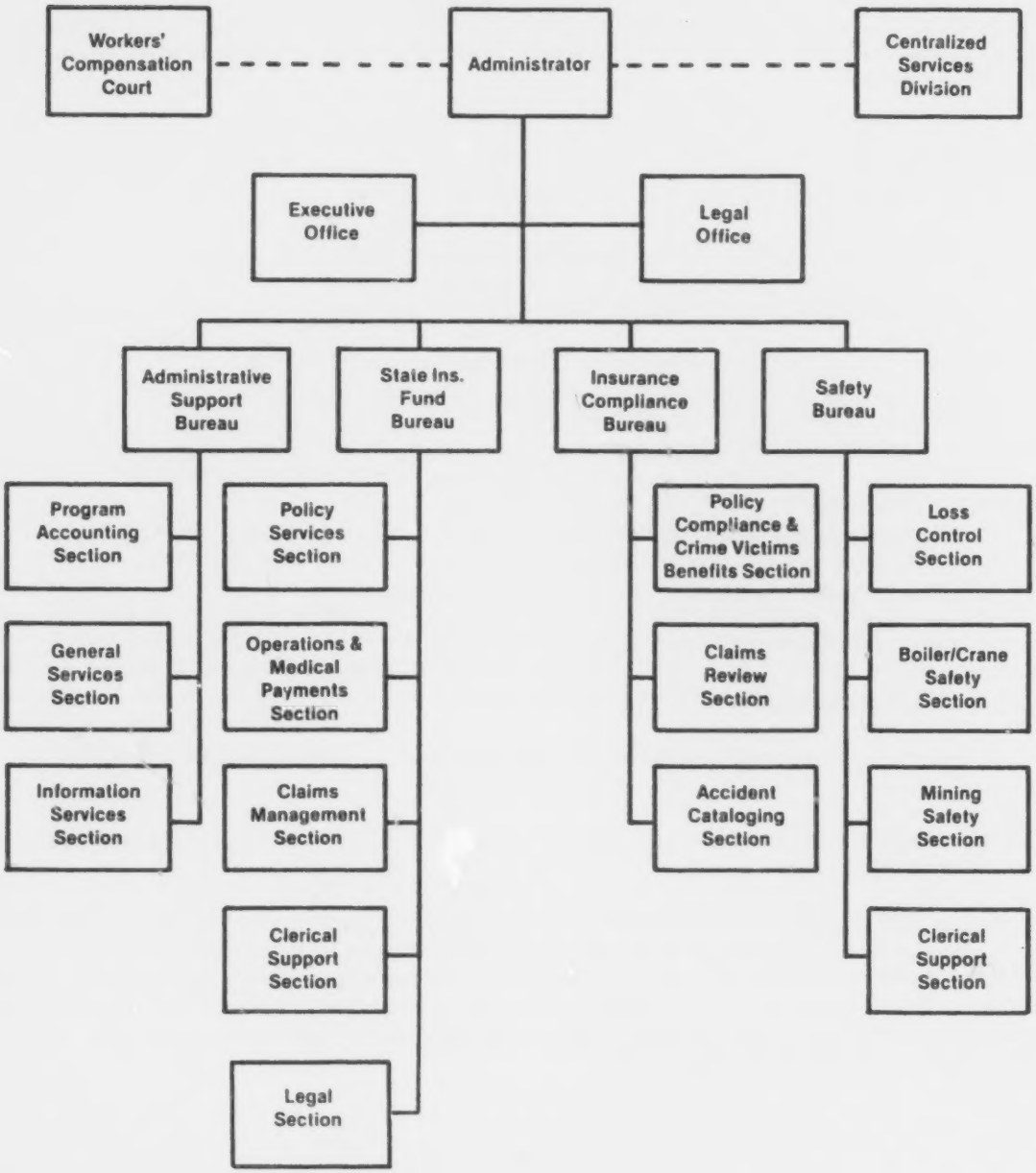
Compensation Systems

1. Silicosis Benefits Law, Title 39, Chapter 73
2. Crime Victims' Compensation Act, Title 53, Chapter 9
3. Workers' Compensation Act, Title 39, Chapter 71
4. Occupational Disease Act, Title 39, Chapter 72
5. Referral of Disabled Workers for Vocational Rehabilitation, Title 39, Chapter 71

With the assistance of immediate supervisory personnel, the Division Administrator provides overall management to the Division.

The agency is divided into four major bureaus which provide the following services: Administrative Support gives needed overall support services to all bureaus and units; the State Compensation Insurance Fund operates a state administered insurance system which allows employers an option for obtaining workers' compensation insurance in Montana; Insurance Compliance reviews the payment of workers' compensation benefits by self-insured employers and private insurance carriers; and Safety administers the occupational safety laws.

DEPARTMENT OF LABOR & INDUSTRY
DIVISION OF WORKERS' COMPENSATION
FUNCTIONAL ORGANIZATION




PRINCIPAL OPERATIONAL PERSONNEL

Robert J. Robinson, Administrator
William R. Palmer, Assistant Administrator
Carla J. Smith, Chief, Administrative Support Bureau
James J. Murphy, Chief, State Insurance Fund Bureau
Hiram Shaw, Chief, Insurance Compliance Bureau
Ed Gatzemeier, Chief, Safety Bureau

## SECTION II
## FINANCIAL REPORTS

Financial statements in this section show the activity and the condition of all funds in summary for the fiscal year ended June 30, 1985.

Supporting schedules for all accounting entities except the State Compensation Insurance Fund are presented. They include a schedule of federal grants; program cost statement; balance sheet by accounting entity; statement of changes in fund balance by accounting entity; comparative statement of sources of revenue; and comparative summary of Plans I, II, and III. Because of the size of the State Compensation Insurance Fund, its detailed financial activity is shown in Section III.

The state's accounting system presently provides ten fund types, of which the Division uses four. The General Fund provides funds to cover costs of the silicosis and social security offset benefit programs. The Special Revenue Fund accounts for income generated by the Division, chiefly from assessments levied against insurers and used to defray the cost of operations; and accounts for operational funds received from the federal government. The Division has two federal sources of revenue, one from an OSHA statistics grant with the Bureau of Labor Statistics, and the other from a mine safety grant with the U.S. Department of Labor, Mine Safety and Health Administration. The Agency Fund consists of those bonds deposited with the Division by private insurance carriers to guarantee payment of benefits. The Expendable Trust Fund accounts for funds deposited with the Division as custodian or agent, and includes the Subsequent Injury, Uninsured Employers, and Crime Victims' accounts.

## BALANCE SHEET—JUNE 30, 1985
## (EXCLUDING STATE COMPENSATION TRUST FUND)

| | | State Special Revenue Fund | Federal Special Revenue Fund | |
|---|---|---|---|---|
| | General Fund | Division Administration | Mine Safety | OSHA Statistics |
| ASSETS | | | | |
| Cash | $ 1,000 | $ 7,203 | $ 178 | $4,515 |
| Receivables | 2 | 53,818 | 2,091 | 23 |
| Merchandise Inventory | | 31,339 | | |
| Investments | | | | |
| Property Held in Trust | | | | |
| Expense Advances to Employees | | 13,598 | | |
| Other Prepayments | 53,835 | 84,366 | | |
| Available to Pay Accrued Expenditures | | | | |
| TOTAL ASSETS | $54,837 | $190,324 | $2,269 | $4,538 |
| LIABILITIES | | | | |
| Accounts Payable | $ 3,444 | $330,975 | $2,269 | $1,811 |
| Accrued Support Expenditures | | 130,573 | 111 | |
| Contingent Liabilities | | | | |
| Allowance for Contingent Liabilities | | | | |
| Deferred Revenue | | | | 2,727 |
| Deferred Losses | | | | |
| Bonds Held in Trust | | | | |
| Due to Consolidated Entity | 51,393 | | | |
| FUND BALANCE | | (271,224) | (111) | |
| TOTAL LIABILITIES AND FUND BALANCE | $54,837 | $190,324 | $2,269 | $4,538 |

[1]In order to determine operating fund balance, Allowance for Contingent Liabilities (reserves) must be deducted from this figure.

| Agency Fund | Expendable Trust Fund | | |
|---|---|---|---|
| Insurance Liquidation | Subsequent Injury | Uninsured Employers | Crime Victims' Compensation |
| $ | $ 48,938 | $ 98,716 | $ 60,562 |
| | | 126,301 | |
| | 2,458,395 | 584,026 | 716,187 |
| 13,969,000 | | | |
| $13,969,000 | $2,507,333 | $809,043 | $776,749 |
| $ | $ | $ 43,138 | $ 9,514 |
| | (41,671) | (471,521) | (116,424) |
| | 41,671 | 471,521 | 116,424 |
| | (218,803) | | |
| 13,969,000 | | | |
| | 2,726,136[1] | 765,905[1] | 767,235[1] |
| $13,969,000 | $2,507,333 | $809,043 | $776,749 |

## STATEMENT OF CHANGES IN FUND BALANCE
## (EXCLUDING STATE COMPENSATION TRUST FUND)
## FISCAL YEAR ENDED JUNE 30, 1985

| | General Fund | State Special Revenue Fund: Division Administration |
|---|---|---|
| FUND BALANCE, JULY 1, 1984 | $ 0 | $ (13,082) |
| ADDITIONS | | |
| Legislative Appropriations | $775,008 | $ |
| Receipts: | | |
| Licenses & Permits | | 28,077 |
| Service Fees | | 1,002,340 |
| Fines | | |
| Reimbursements | | 48,513 |
| Income Collections & Transfers | | 4,703,054 |
| Investment Earnings | | |
| Fiduciary & Trust | | |
| Federal Assistance | | |
| TOTAL ADDITIONS AND FUND BALANCE | $775,008 | $5,768,902 |
| DEDUCTIONS | | |
| Support Expenditures | $ 12,097 | $5,726,271 |
| Transfers | | 305,887 |
| Benefits | 715,380 | |
| Reversions* | 47,531 | |
| TOTAL DEDUCTIONS | $775,008 | $6,032,158 |
| PRIOR YEAR ADJUSTMENTS | | |
| Revenue | $ | $ 4 |
| Expenditures | | 7,964 |
| TOTAL ADJUSTMENTS | $ | $ (7,968) |
| FUND BALANCE, JUNE 30, 1985 | $ 0 | $ (271,224) |

The Division administers various restricted accounting entities within each fund. Generally, the names of the accounts specify the purpose for which the account is used.

This statement illustrates the year's receipt and disbursement activity upon the beginning fund balance for each of the accounting entities.

*Expenses pertaining to the fiscal year that were not accrued at year end may be paid from the reversions.

| Federal Special Revenue Fund | | Expendable Trust Fund | | |
|---|---|---|---|---|
| Mine Safety | OSHA Statistics | Subsequent Injury | Uninsured Employers | Crime Victims' Compensation |
| $ 0 | $ 0 | $2,687,236 | $ 665,578 | $ 735,324 |
| $ | $ | $ | $ | $ |
| | | | 46,000 | |
| | | | 237,821 | 389,703 |
| | | 276,775 | 52,753 | 77,504 |
| | | | 29,615 | 17,180 |
| 34,648 | 32,241 | | | |
| $34,648 | $32,241 | $2,964,011 | $1,031,767 | $1,219,711 |
| $34,722 | $32,241 | $ | $ | $ |
| | | | 255,687 | 47,267 |
| | | 211,854 | | 404,870 |
| $34,722 | $32,241 | $ 211,854 | $ 255,687 | $ 452,137 |
| $ | $ | $ | $ 10,175 | $ 339 |
| 37 | | 26,021 | | |
| $ (37) | $ 0 | $ (26,021) | $ (10,175) | $ (339) |
| $ (111) | $ 0 | $2,726,136 | $ 765,905 | $ 767,235 |

DIVISION OF WORKERS' COMPENSATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1985

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System. They include the financial activity of the Division of Workers' Compensation.

A. Basis of Presentation

The accounts of the state of Montana are, by statute, organized into the fund structure listed in Section 17-2-102, MCA. The financial statement presentation is made on the basis of that section.

B. Fund Structure

For financial presentation purposes, funds have been classified in accordance with Governmental Accounting, Auditing, and Financial Reporting, Statement 1. The funds and account groups presented, their relationship to the state treasury fund structure, and their purposes follow:

1) General Fund — To account for all financial resources not accounted for in another fund. This fund corresponds to the State General Fund within the state treasury fund structure.

2) Special Revenue Fund — To account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Activities in this fund incorporate federal funds received by the division plus earmarked revenue funds for administration of the workers' compensation, occupational disease, crime victims', and uninsured employers' acts.

3) Trust and Agency Funds — To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds and (b) Agency Funds. Expendable trust funds include the trust funds established to pay wage loss and medical benefits. Agency funds include the bonds submitted by private insurance companies which the division is holding to cover any liabilities of the insurer.

4) Account Groups — To account for fixed assets and equipment owned by the division.

C. Basis of Accounting

The modified accrual method of accounting recognizes revenue at the time of receipt or when measurable and available, and expenditures when incurred. The division utilitizes the modified accrual method of accounting, with the following exceptions:

1) If the appropriation provided funds to complete a given project, the entire amount of a service contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is accrued.

2) The anticipated cost of equipment is expensed in the fiscal year in which budgeted.

3) Goods ordered, but not received as of the fiscal year end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

D. Vacation and Sick Leave

Employees of the division accumulate both vacation and sick leave. Upon termination, employees are paid for 100 percent of unused vacation credits and 25 percent of unused sick leave credits accumulated after July 1, 1971. Accumulated unpaid liabilities for vacation and sick leave are not reflected in the financial statements of the Division of Workers' Compensation. At June 30, 1985, the division had a liability of $222,473 for vacation leave and $95,631 for sick leave.

E. Investments

The division's investments are made by the State Board of Investments and are controlled according to statutes applicable to the board. Investments, except mortgages, are presented in the balance sheet at original cost adjusted for discount and premium amortization where applicable. Mortgages are presented in the balance sheet at par value.

F. Bond Exchanges

Bond exchanges involve trading one security for another security having the same par value for the purpose of enhancing portfolio content and/or yield. The Board of Investments defers gains and losses resulting from bond exchanges and amortizes such gains and losses over the shorter of either the remaining life of the bonds sold or the bonds purchased for replacement. As shown in the accompanying financial statements at June 30, 1985, the accumulated unamortized deferred costs on bond exchanges aggregated $7,913,250, and deferred revenue on bond exchanges amounted to $1,096,659.

G. Reserves

The State Compensation Insurance Fund employs an independent actuary to determine the adequacy of rates, reserves, and restricted fund balance. A copy of the actuary's report as of June 30, 1985, is included as a part of this report. The financial statements for the State Fund have the reserves detailed individually.

H. Budgets

The state utilizes a fixed biennial basis of budgeting. Under this method, appropriations of a specific dollar amount are set for each year of the biennium. Budgets for the division are adopted by the Montana State Legislature for all operating entities.

I. General Fund Balance

The State's General Fund beginning and ending fund balance on a non-consolidated basis is zero since any balance in the fund is owed to the consolidated entity at fiscal year end.

2. INVESTMENTS

Following is a summary of investments managed by the Board of Investments at June 30, 1985:

| | Carrying Value | Market Value |
|---|---|---|
| State Compensation Insurance Fund: | | |
| Mortgages | $ 209,761 | $ 209,761 |
| Federal Securities | 7,209,756 | 6,780,191 |
| Corporate Bonds | 56,818,353 | 48,993,076 |
| | $64,237,870 | $55,983,028 |
| Unamortized Premiums | 28,634 | |
| Unaccumulated Bond Discounts | (7,709,047) | |
| | $56,557,457 | $55,983,028 |
| Uninsured Employers' Fund: | | |
| Short Term Investment Pool | $ 384,276 | $ 402,387 |
| Federal Securities | 200,000 | 203,562 |
| | $ 584,276 | $ 605,949 |
| Unaccumulated Bond Discounts | (250) | |
| | $ 584,026 | $ 605,949 |
| Subsequent Injury Fund: | | |
| Corporate Bonds | $ 2,231,000 | $ 2,108,667 |
| Federal Securities | 150,000 | 156,046 |
| Short Term Investment Pool | 346,965 | 350,874 |
| | $ 2,727,965 | $ 2,615,587 |
| Unamortized Premiums | 13,035 | |
| Unaccumulated Bond Discounts | (178,910) | |
| | $ 2,562,090 | $ 2,615,587 |
| Crime Victims' Compensation Fund: | | |
| Federal Securities | $ 500,000 | $ 523,343 |
| Short Term Investment Pool | 217,633 | 221,605 |
| | $ 717,633 | $ 744,948 |
| Unaccumulated Bond Discounts | (1,446) | |
| | $ 716,187 | $ 744,948 |
| Net Investments | $60,419,760 | $59,949,512 |

3. RETIREMENT PLAN

All employees of the division are participants in the Public Employees' Retirement System. This is a contributory plan whereby the state contributes 6.417% of employee gross wages for retirement, and the employee contributes six percent of his gross wage. Costs incurred by the division under this plan were $189,899. Employees are also covered by the federal social security system.

The state's policy is to fund accrued pension costs. At June 30, 1985, the Public Employees' Retirement System was determined to be actuarially sound.

4. BUILDING

The 47th Legislature appropriated funds for the construction of a Workers' Compensation Building. Annual payments on the building are expensed in the division's operating budget. During fiscal year 1985, a payment of $305,887 was made. The 1986 and 1987 payments will be made from interest earnings which accrued during the construction period. Future obligations on the building are as follows:

| | |
|---|---|
| 1986 — $434,462.50 | 1992 — $429,075.00 |
| 1987 — 433,100.00 | 1993 — 428,200.00 |
| 1988 — 430,462.50 | 1994 — 424,212.50 |
| 1989 — 431,337.50 | 1995 — 422,412.50 |
| 1990 — 430,512.50 | 1996 — 292,775.00 |
| 1991 — 427,987.50 | |

The long-term debt associated with the building is reported on the financial statements of the Department of Administration.

DIVISION OF WORKERS' COMPENSATION
SCHEDULE OF FEDERAL GRANTS AND SUBGRANTS
GRANT AWARDS, RECEIPTS, AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1985

| Grant Name & Number | Grant Award | Receipts | Expenditures |
|---|---|---|---|
| U.S. Department of Labor: | | | |
| Mine Safety & Health Administration — Training & Education of Miners, Operators and Agents in Mine Health & Safety #G2690213 | $39,174 | $34,648* | $34,722 |
| Occupational Safety & Health Administration 7(C)1 On-Site Consultation (OSHA/1908) W9F5-0981 | 70,355 | 47,793* | 66,504 |
| Bureau of Labor Statistics — OSHA Statistical Grant Program #08-81-40-02-85 | 33,320 | 32,241 | 32,241 |

Grant award amounts are based on Federal fiscal year.

*Entries recording additional revenue during the fiscal year end period were inadvertently recorded in Fiscal Year 1986. Actual revenue matched actual expenditures.

This statement provides the detailed expenditure activity and the funding sources for each of the Division's four programs for the period ended June 30, 1985.

## PROGRAM COST STATEMENT
## (EXCLUDING STATE COMPENSATION TRUST FUND)
## FISCAL YEAR ENDED JUNE 30, 1985

| | Administration Program | State Fund Program | Compliance Program | Safety Program | Total |
|---|---|---|---|---|---|
| COSTS | | | | | |
| Personal Services | | | | | |
| Salaries | $ 745,437 | $1,130,834 | $ 572,652 | $520,656 | $2,969,579 |
| Employee Benefits | 152,955 | 246,542 | 122,732 | 118,755 | 640,984 |
| Sub-Total | $ 898,392 | $1,377,376 | $ 695,384 | $639,411 | $3,610,563 |
| Operating Expenses: | | | | | |
| Contracted Services | $ 363,249 | $ 937,070 | $ 111,287 | $ 13,445 | $1,425,051 |
| Supplies & Materials | 15,007 | 42,718 | 13,085 | 22,318 | 93,128 |
| Communications | 16,687 | 164,505 | 41,813 | 16,625 | 239,630 |
| Travel | 5,567 | 19,568 | 6,556 | 87,329 | 119,020 |
| Rent | 3,616 | 24 | 6 | 0 | 3,646 |
| Utilities | 37,542 | 0 | 0 | 0 | 37,542 |
| Repairs & Maintenance | 37,070 | 31,394 | 17,707 | 9,963 | 96,134 |
| Other Expenses | 43,900 | 5,649 | 2,451 | 4,583 | 56,583 |
| Sub-Total | $ 522,638 | $1,200,928 | $ 192,905 | $154,263 | $2,070,734 |
| Equipment | $ 33,117 | $ 28,162 | $ 20,415 | $ 42,341 | $ 124,035 |
| Transfers | $ 305,887 | $ 0 | $ 0 | $ 0 | $ 305,887 |
| Benefits | $ 0 | $ 0 | $ 715,379 | $ 0 | $ 715,379 |
| TOTAL PROGRAM COSTS | $1,760,034 | $2,606,466 | $1,624,083 | $836,015 | $6,826,598 |
| SUMMARY OF FUNDING | | | | | |
| General Fund | $ 0 | $ 0 | $ 727,476 | $ 0 | $ 727,476 |
| State Special Revenue Fund | 1,727,793 | 2,606,466 | 896,607 | 801,293 | 6,032,159 |
| Federal Special Revenue Fund | 32,241 | 0 | 0 | 34,722 | 66,963 |
| TOTAL FUNDING | $1,760,034 | $2,606,466 | $1,624,083 | $836,015 | $6,826,598 |

This statement identifies, by source of revenue, the receipts collected during the fiscal years ended June 30, 1985, and June 30, 1984. All funds, except the General Fund, receive revenue collected by the Division from outside sources. Disbursements cannot be made until the Division collects and deposits these receipts in the proper fund within the Treasury System.

## COMPARATIVE STATEMENT OF SOURCES OF REVENUE (EXCLUDING STATE COMPENSATION TRUST FUND) FISCAL YEARS ENDED JUNE 30, 1985, AND JUNE 30, 1984

| | 1985 | | 1984 | |
|---|---|---|---|---|
| Licenses and Permits: | | | | |
| Engineer Licenses | $ | $ 28,077 | $ | $ 26,695 |
| Service Fees: | | | | |
| Copies of Documents | 15,147 | | 12,094 | |
| Plan I Assessments | 209,249 | | 351,074 | |
| Plan II Assessments | 1,032,990 | | 1,420,092 | |
| Fatality Assessments | 46,000 | | 54,000 | |
| Total Assessments | $1,303,386 | | $1,837,260 | |
| Less Transfers To: | | | | |
| Workers' Compensation Judge | (239,479) | | (245,992) | |
| Department of Labor | (15,567) | 1,048,340 | (11,488) | 1,579,780 |
| Investment Earnings: | | | | |
| Corporate Bonds | $ 1,217 | | $ 1,339 | |
| Industrial Bonds | 149,669 | | 144,972 | |
| Railroad Equipment Trusts | 19,400 | | 19,400 | |
| Public Utility Securities | 65,693 | | 77,022 | |
| Federal Agencies | 93,946 | | 92,700 | |
| Annual Modified Income | 5,702 | | 2,087 | |
| Short Term Investment Pool | 71,405 | 407,032 | 51,801 | 389,321 |
| Fines: | | | | |
| Motor Vehicle | $ 389,703 | | $ 376,740 | |
| Civil Penalties | 237,821 | 627,524 | 101,193 | 477,933 |
| Reimbursements: | | | | |
| On-Site Consultation | $ 47,793 | | $ 56,676 | |
| Insurance Company | 511 | | 680 | |
| On-the-Job Training | -0- | | 744 | |
| Jury Duty & Witness Fee | 209 | 48,513 | 329 | 58,429 |
| Fiduciary & Trust: | | | | |
| Penalties & Interest | $ 559 | | $ 39 | |
| Bad Debts Recovered | 29,056 | | 47,391 | |
| Recovery | 9,045 | | 16,023 | |
| Subrogation | 8,135 | 46,795 | -0- | 63,453 |
| Income Collections & Transfers: | | | | |
| State Compensation Insurance Fund | $4,642,000 | | $4,650,000 | |
| Crime Victims Assessments | 47,267 | | 47,068 | |
| Uninsured Employers Assessments | 106,427 | | 99,623 | |
| Total Transfers In | $4,795,694 | | $4,796,691 | |
| Less Transfers Out: | | | | |
| Workers' Compensation Judge | (51,552) | | (61,883) | |
| Department of Labor | (51,533) | | (35,982) | |
| Merchandise Inventory | 10,445 | 4,703,054 | 20,894 | 4,719,720 |
| Federal Assistance: | | | | |
| Federal Department of Labor: | | | | |
| Survey Program | $ 32,241 | | $ 34,778 | |
| Mining Education | 34,648 | 66,889 | 33,755 | 68,533 |
| TOTAL REVENUE | | $6,976,224 | | $7,383,864 |

## COMPARATIVE SUMMARY OF PLANS I, II, AND III

The Montana Workers' Compensation and Occupational Disease Acts allow employers to obtain the required insurance coverage by one of three methods: (1) self-insurance under Compensation Plan No. 1, where firms with proven financial ability pay directly to the injured workers; (2) coverage with a private insurance company licensed to write workers' compensation insurance in Montana, known as Compensation Plan No. II; and (3) coverage with the State Compensation Insurance Fund, a state-operated insurance program, known as Compensation Plan No. III.

The following table compares the overall activity of the three plans for three fiscal years:

| | 1982-83 | 1983-84 | 1984-85 |
|---|---|---|---|
| **Plan I — Self Insurance** | | | |
| Number of employers enrolled | 59 | 51 | 48 |
| *Gross annual payroll | $495,818,508 | $453,615,839 | $414,540,390 |
| Number of work injuries reported | 3,049 | 2,988 | 2,968 |
| Number of claims filed | 642 | 580 | 640 |
| Occupational disease cases reported per federal standards | 10 | 10 | 10 |
| Compensation benefits paid | $5,536,020 | $5,998,467 | $6,857,536 |
| Medical & burial benefits paid | $2,395,603 | $2,335,085 | $2,521,471 |
| Uninsured employers assessments | $3,000 | $6,000 | $5,000 |
| **Plan II — Private Carriers** | | | |
| Number of employers enrolled | 9,651 | 9,676 | 8,874 |
| *Annual premium | $34,638,742 | $33,425,629 | $45,416,912 |
| Number of work injuries reported | 11,765 | 12,521 | 12,717 |
| Number of claims filed | 2,301 | 2,252 | 2,488 |
| Occupational disease cases reported per federal standards | 40 | 42 | 41 |
| Compensation benefits paid | $16,950,363 | $21,668,737 | $26,970,999 |
| Medical & burial benefits paid | $7,927,952 | $9,981,991 | $13,171,048 |
| Uninsured employers assessments | $9,000 | $18,000 | $12,000 |
| **Plan III — State Fund** | | | |
| Number of employers enrolled | 22,732 | 23,610 | 24,254 |
| Annual premium | $32,689,000 | $37,032,670 | $49,292,000 |
| Number of work injuries reported | 14,903 | 15,834 | 15,558 |
| Number of claims filed | 2,611 | 3,060 | 3,222 |
| Occupational disease cases reported per federal standards | 51 | 54 | 50 |
| Compensation benefits paid | $22,447,940 | $25,753,121 | $38,034,472 |
| Medical & burial benefits paid | $9,682,244 | $12,141,318 | $14,085,173 |
| Uninsured employers assessments | $26,000 | $30,000 | $29,000 |

*Figures shown on calendar year basis.

## SECTION III
## STATE COMPENSATION INSURANCE FUND

Net investment income in fiscal year 1985 declined by .4 percent to $7.1 million. The Fund's bond portfolio yielded 12.56 percent compared to 11.64 percent for fiscal year 1984. Assets at cost declined 10.8 percent to $56.5 million. The increase in income yield resulted from sale of low yielding securities to meet periodic withdrawals.

Substantial growth in claims expense was experienced. Claims expense rose from $37.9 million last year to $52.1 million in fiscal year 1985, an increase of 38 percent, and operational expenses increased 2.5 percent to $5.1 million. Claims processed and accidents reported to the State Fund remained stable from fiscal year 1984 to 1985. Rates were raised 15 percent on January 1, 1985, to reflect these developments.

As in past years, the Division employed an independent actuary to review the financial and actuarial soundness of the State Compensation Insurance Fund. The report may be found on page 23 of this section. The actuary was also employed to review payroll and accident experience, recommend rate changes, and advise the Division on claim reserving policies.

# STATE COMPENSATION INSURANCE FUND
## BALANCE SHEET
## JUNE 30, 1985

### ASSETS

| | | | |
|---|---|---|---|
| Cash in Treasury | | | $ 1,148,795 |
| Premium Receivable | | | 15,063,780 |
| Notes Receivable | | | 278,997 |
| Deferred Costs on Bond Exchanges | | | 7,694,448 |
| Adjusted Accounts Receivable | | | 42,175 |
| Property Held in Trust | | | 3,680,071 |
| Investments: | | | |
| Mortgages | $ 209,761 | | |
| Federal Securities | 7,209,755 | | |
| Corporate Bonds | 55,473,352 | | |
| Securities on Loan | 1,345,000 | $64,237,868 | |
| Plus: Unamortized Premiums | $ 28,634 | | |
| Interest Purchased | 30,788 | 59,422 | |
| Less: Unaccumulated Bond Discounts | | (7,709,047) | |
| Net Investments | | | 56,588,243 |
| TOTAL ASSETS | | | $ 84,496,509 |

### LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|---|---|---|---|
| LIABILITIES | | | |
| Dividends Payable Prior Year | | $ 6,682 | |
| Adjusted Accounts Payable | | 448,275 | |
| Advance Deposits | | 8,689,155 | |
| Deferred Revenue | | 18,260 | |
| Deferred Revenue on Bond Exchanges | | 991,276 | |
| Allowance for Uncollectible Accounts | | 144,150 | $ 10,297,798 |
| CLAIMS RESERVES | | | |
| Compensation Benefits | | $85,255,870 | |
| Medical Benefits | | 17,338,811 | |
| Medical Only Benefits | | 575,000 | 103,169,681 |
| FUND BALANCE | | | |
| Restricted: | | | |
| Full Funding Deficiency | | | (28,970,970) |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCE | | | $ 84,496,509 |

# STATE COMPENSATION INSURANCE FUND
# STATEMENT OF OPERATIONS AND CHANGES IN RESERVES
# FOR FISCAL YEAR ENDED JUNE 30, 1985

## INCOME

| | | |
|---|---|---|
| Earned Premium | | $ 49,292,000 |
| Interest Earnings on Investments | | 7,401,282 |
| Other Income | | 426,317 |
| Total Current Year's Income | | $ 57,119,599 |
| Prior Year's Adjustments, Net | | 70,911 |
| Total Income | | $ 57,190,510 |

## EXPENSES

| | | |
|---|---|---|
| Claims Expenses: | | |
| Compensation Benefits | $38,034,472 | |
| Medical Benefits | 14,085,257 | |
| Total Claims Expenses | $52,119,729 | |
| Other Expenses: | | |
| Administrative Assessment | $ 4,656,558 | |
| Bad Debts | 100,144 | |
| Rehabilitation Assessment | 257,531 | |
| Structured Settlements—Interest | 107,909 | |
| Total Other Expenses | $ 5,122,142 | |
| Total Expenses | | 57,241,871 |
| RESULTS OF OPERATIONS BEFORE CHANGES IN RESERVES | | $ (51,361) |
| Less: Changes in Reserves: | | |
| Compensation Benefits | $24,001,076 | |
| Medical Benefits | 5,270,871 | |
| Contingencies | (352,338) | 28,919,609 |
| RESULTS OF OPERATIONS AFTER CHANGES IN RESERVES | | $(28,970,970) |

## STATE COMPENSATION INSURANCE FUND
## STATEMENT OF CHANGES IN FUND BALANCE
## FOR FISCAL YEAR ENDED JUNE 30, 1985

| | |
|---|---|
| Fund Balance, Beginning of Year (as restated) | $ 352,338 |
| Decreases in Fund Balance: | |
| Current Year's Results of Operations | 29,323,308 |
| Fund Balance End of Year | $(28,970,970) |

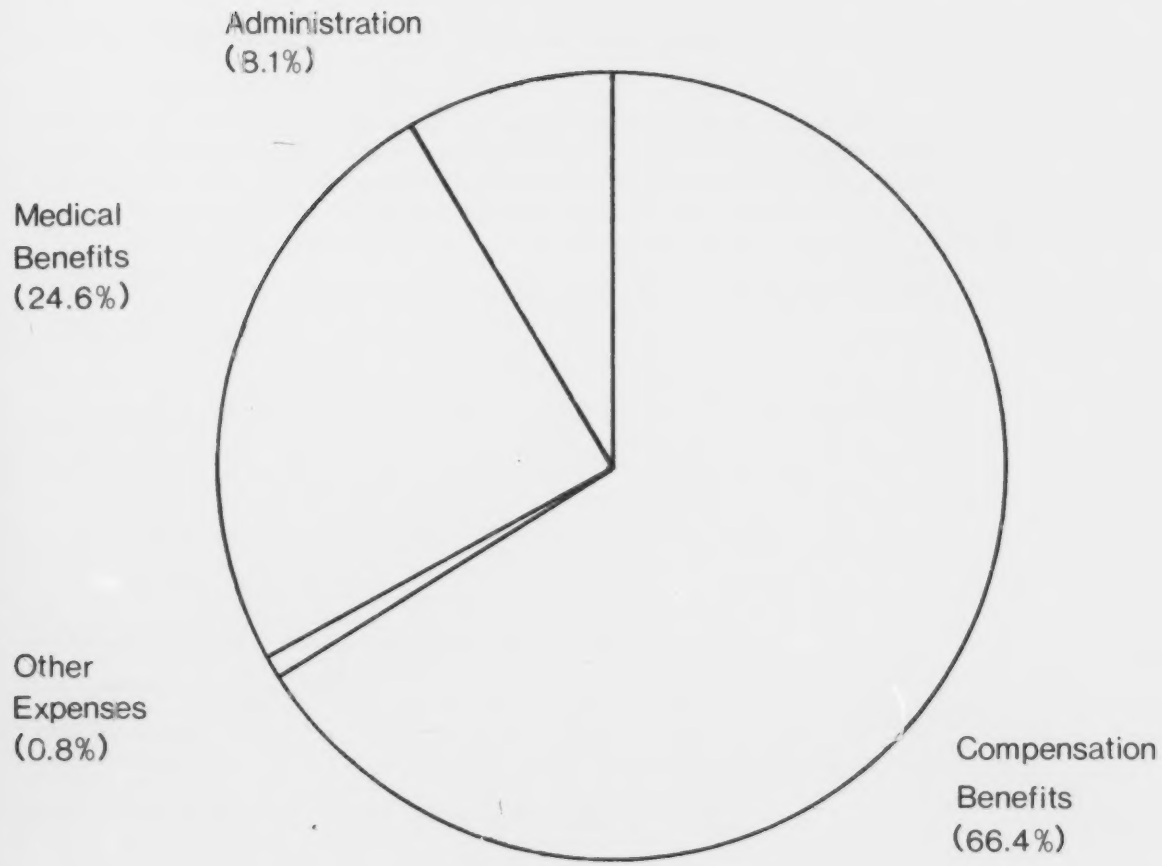
The preceding statements reflect the financial activity and condition of the State Fund for the fiscal year ended June 30, 1985.

The balance sheet shows the financial status of the fund as of June 30, 1985. The changes in claim reserves and fund balance accounts were either calculated or reviewed by an independent actuary. Based on the actuary's recommendations, the previously used reserve accounts for "unreported claims," "reopened claims," and "claims expense" are not shown on the balance sheet as separate items, but are included in the other "claim reserve" accounts shown on the balance sheet.

The statement of operations and changes in reserves shows the fund's financial activity during the year.

# STATE COMPENSATION INSURANCE FUND

PREMIUM DISTRIBUTION



COATES
HERFURTH &
ENGLAND, INC.
ACTUARIES AND CONSULTANTS

December 6, 1985

Workers' Compensation Division
Department of Labor and Industry
State of Montana
P. O. Box 4759
Helena, Montana 59604-4759

Ladies and Gentlemen:

We have examined the methods and procedures utilized by the Workers' Compensation Division of the Department of Labor and Industry of the State of Montana in the determination of its liabilities for compensation, hospital, medical and other benefits as of the close of its fiscal year ended June 30, 1985, under Compensation Plan #III, as set forth in the Workers' Compensation Act. Our examination included a determination of the appropriateness of the underlying methods and procedures, such review of the basic records as we considered necessary in the circumstances and an analysis of the results so obtained.

The resulting liabilities for benefits to be paid, so determined, may be summarized as follows:

| | |
|---|---|
| Compensation benefits | $ 85,255,870 |
| Medical benefits | 17,338,811 |
| Medical only benefits | 575,000 |
| Total | $103,169,681 |

In our opinion, the above claim liabilities are based upon the benefits provided under the Workers' Compensation Act of the State of Montana. Further, in our opinion, on the basis of the information and procedures referred to above, and upon our assumption that the procedures of the Division are adequate to properly establish and maintain records required for this purpose, such liabilities in the aggregate are reasonable and appropriate as of that date, and that the Fund is in a sound actuarial and financial position.

By following this procedure each year and by reviewing and adjusting the rates each year to reflect changing benefits and experience, in our opinion, the Fund can continue to be maintained on a sound actuarial and financial basis.

Sincerely yours,

John P. Carberry

John P. Carberry, F.S.A.

JPC/kf

## SECTION IV
## CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Act created by the Montana Legislature became effective January 1, 1978. It was the intent of this legislation to provide a method of compensation and assisting innocent victims who suffered bodily injury or death as a result of the criminal act. The Act creates a fund which receives 18% of the fines assessed by the Montana Highway Patrol on all offenses involving a violation of the Montana traffic codes relating to the use or operation of motor vehicles.

Compensation benefits are awarded both for wage loss and medical services. The weekly wage loss benefit awarded is set at two-thirds of the wages received at the time of the occurrence, subject to a maximum of $125 per week. The claimant must suffer a wage loss for one week before compensation is due, and then compensation is paid from the date wage loss began. Medical providers are reimbursed for reasonable services of a physician or surgeon, hospital care, and medicine. Additionally, funeral and burial expenses of the victim, not exceeding $1,100 are paid if all other collateral sources have not covered these costs. Awards are limited by collateral sources, which include, but are not limited to, benefits readily available to the victim from the offender, the United States government, social security, medicare or medicaid, workers' compensation, wage continuation programs, or proceeds of an insurance contract.

To be eligible for benefits the victim must file a claim within one year from the date of the criminally injurious conduct, may not be an offender or accomplice of the offender, and must notify law enforcement of the occurrence within 72 hours. The victim must also cooperate fully with all law enforcement agencies and prosecuting attorneys in the apprehension and prosecution of the offender. Benefits may be denied or proportionately reduced if the victim contributed to the infliction of the injury. Compensation payable to the victim and all of the victim's dependents in case of death is limited to an aggregate of $25,000. Awards of compensation benefits may also be made to victims who were employable but not employed at the time of the incident. Wage loss benefits in these cases are limited to $100 per week or an aggregate of $20,000.

### INCIDENT PROFILES

The victim, a male age 30, filed a claim for medical expenses. He stated that he was sitting outside of a building waiting for a friend when he was jumped by six people, beaten, and robbed. He did not seek treatment for two days. The law enforcement report indicated that the claimant was at a party and made advances toward a female subject. The female complained to the offender, who took it up with the victim and struck him several times. The victim was advised to return to the police department and sign a complaint when he sobered up, but he did not.

Denied: The claimant did not fully cooperate with law enforcement and prosecuting attorneys, and it appeared the victim had contributed to his own injuries.

The victim, a female age 23, was jogging in the mountains when she was kidnapped by two male subjects. A rescue attempt resulted in her being shot and one of the rescuers being killed. The offenders were both convicted. Benefits were awarded for wage loss compensation and medical expenses that were not covered by insurance.

Award: Medical Expenses — $1,738
Wage Loss Compensation — 1,754

The victim, a male age 37, was part of a search and rescue party for the young female described above. He was shot during the rescue attempt. The maximum funeral award was paid, and the wage loss was offset by collateral sources.

Award: Funeral Expenses — $1,100

The victim, a male age 26, was in a local bar and was extremely intoxicated. He began harassing the offender about the offender's ex-girlfriend and continued to do so even though the offender moved away from him several times and requested that he stop. The offender invited the victim outside, where the victim was struck several times. Although the victim refused to fight, he did continue to make harassing statements to the offender. Even though the victim was requested several times to give statements to police, he did not.

Denied: The victim contributed 100%, and he did not fully cooperate with law enforcement. The victim requested an informal hearing, and the hearings officer upheld the denial.

The victim, a female age 56, was in her back yard with her live-in companion when her son came looking for a check. Her son had mental problems and was on medication. He became very upset when he was told that his checks were not coming to that address and began beating the victim and her friend with a steel pipe. The offender was committed to Warm Springs State Hospital.

Award: Medical Expenses -- $4,235

## STATISTICAL ACTIVITY

| | F/Y 1984 | F/Y 1985 |
|---|---|---|
| Source of Knowledge: | | |
| Attorney | 10 | 12 |
| Government Agency | 20 | 4 |
| Law Enforcement | 48 | 19 |
| Medical Profession | 101 | 39 |
| Relative or Friend | 5 | 13 |
| Victim | 40 | 205 |
| Other | 37 | 15 |
| | 261 | 307 |
| Claims Disposition: | | |
| Denied Claims | 75 | 67 |
| Accepted Claims | 161 | 222 |
| Held Over | 25 | 18 |
| | 261 | 307 |
| Type of Crime: | | |
| Aggravated Assault | 58 | 46 |
| Armed Robbery | 0 | 2 |
| Assault | 104 | 104 |
| Attempted Homicide | 2 | 5 |
| Attempted Rape | 0 | 3 |
| Burglary | 1 | 0 |
| Child Abuse | 0 | 3 |
| Homicide | 17 | 17 |
| Incest | 11 | 45 |
| Kidnap | 1 | 0 |
| Rape | 18 | 20 |
| Sexual Assault | 23 | 48 |
| Spouse Abuse | 0 | 4 |
| Strong Armed Robbery | 10 | 5 |
| Traffic | 6 | 3 |
| Trespass | 1 | 0 |
| No Crime/Unknown | 9 | 2 |
| TOTAL TYPE | 261 | 307 |

| | F/Y 1984 | F/Y 1985 |
|---|---|---|
| Victim Profile: | | |
| Sex: | | |
| Male | 164 | 168 |
| Female | 97 | 139 |
| | 261 | 307 |
| Average Age: | | |
| Male | 30.5 | 27.0 |
| Female | 24.0 | 19.0 |
| Age Range: | | |
| Male | 2-77 | 2-75 |
| Female | 2-90 | 2-68 |
| Employment Status: | | |
| Employed | 98 | 97 |
| Unemployed | 95 | 72 |
| Student | 35 | 100 |
| Retired | 22 | 12 |
| Child | 11 | 24 |
| Homemaker | 0 | 2 |
| | 261 | 307 |
| Location of Crime: | | |
| Bar/Bar Lot | 64 | 36 |
| Field/Countryside/Park | 18 | 13 |
| Highway | 7 | 10 |
| Offender's Home | 20 | 42 |
| Other's Home | 19 | 25 |
| Public Business | 15 | 10 |
| School | 4 | 7 |
| Street/Alley/Lot | 31 | 33 |
| Victim's Home | 52 | 62 |
| Victim's Workplace | 3 | 15 |
| Victim's & Offender's Home | 25 | 53 |
| Other | 3 | 1 |
| | 261 | 307 |

## FINANCIAL ACTIVITY

| | F/Y 1984 | | F/Y 1985 | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Revenue Sources: | | | | |
| Highway Patrol Fines | $376,740 | 80% | $389,703 | 80% |
| Subrogation | 0 | 0 | 8,135 | 2 |
| Restitution Recoveries | 16,023 | 3 | 9,045 | 2 |
| Interest Earnings | 77,060 | 17 | 77,504 | 16 |
| TOTAL REVENUE | $469,823 | 100% | $484,387 | 100% |
| Program Costs: | | | | |
| Benefits Paid | $340,509 | 86% | $404,870 | 90% |
| Administrative Expense | 57,113 | 14 | 47,267 | 10 |
| TOTAL COSTS | $397,622 | 100% | $452,137 | 100% |

## SECTION V
## UNINSURED EMPLOYERS' FUND

In 1977, the Montana Legislature enacted the provisions of the Uninsured Employers' Fund. The purpose of this Fund is to pay an injured worker the same benefits the employee would have received had the employer been properly enrolled with a workers' compensation insurer. The same Act provided that the primary revenue source for funding the Fund would be generated through fines and penalties assessed on uninsured employers in an amount of either double the premium the employer would have paid had he been properly enrolled with the State Compensation Insurance Fund or a minimum of $200, whichever would be greater. The Act allows the Division to go back to July 1, 1977, in making a determination of the amount of fine and penalty due. The Act also provides that an insured employer is liable for all wage loss and medical benefits paid for the injured employee. However, it limits the employer's liability to $30,000 per individual.

The benefit provisions of the Act are the same as those applied by the Workers' Compensation Act. The Division has authority to collect the amounts due through suit if necessary and, also, to compromise amounts due. In cases where the Division discovers an uninsured employer, the statute provides that it may order the employer to cease operations until the firm is properly covered by workers' compensation insurance. The employer who does not comply with this provision is guilty of a misdemeanor.

An injured employee has the option to elect to receive benefits from the Uninsured Employers' Fund or to pursue a damage action against the employer. Benefits paid from the Fund are not granted as an entitlement to injured workers and may be paid only in accordance with sums accumulated in the Fund. If the Division determines, at any time, that sums in the Fund are not adequate to fully pay all claims, the Division may take appropriate measures to proportionately reduce benefits to all claimants. In January of 1981, the Division declared the Fund insolvent, thereby eliminating benefits.

### STATISTICAL ACTIVITY

| | F/Y 1984 | F/Y 1985 |
|---|---|---|
| Number of Compensation Claims Paid | 0 | 0 |
| Number of Investigations Made | 897 | 961 |
| Number of Audits Performed | 198 | 49 |
| Number of Employers Fined | 176 | 311 |
| Number of Accounts Referred for Collection | 0 | 95 |
| Amount of Billed Fines & Assessments Collected | $101,193 | $237,821 |

### FINANCIAL ACTIVITY

| | F/Y 1984 | | F/Y 1985 | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Revenue Sources: | | | | |
| Fines & Penalties Billed | $199,862 | 58.3% | $404,504 | 75.9% |
| Fatality Assessments | 54,000 | 15.8 | 46,000 | 8.6 |
| Bad Debts Recovered | 47,391 | 13.8 | 29,056 | 5.5 |
| Interest Earnings | 41,366 | 12.1 | 53,312 | 10.0 |
| TOTAL REVENUE | $342,619 | 100.0% | $532,872 | 100.0% |
| Program Costs: | | | | |
| Benefits Paid | $ 0 | | $ 0 | |
| Amount Referred for Collection | 0 | | 149,259 | |
| Administrative Expense | 118,710 | | 106,427 | |
| TOTAL COSTS | $118,710 | | $255,686 | |

## SECTION VI
## WORK INJURY REPORTS

The Division, through its Administrative Support Bureau, Statistical Unit, collects a variety of statistics concerning the nature and cause of industrial work injuries. Accident data is coded from reports submitted by employers and employees, using the standardized coding system adopted by the Bureau of Labor Statistics. The following tables and graphs present this information on an annual basis. As of October 18, 1985, 31,243 accidents have been reported to the Division as occurring during the fiscal year ended June 30, 1985. These tables show the number of reported accidents, the cause of accidents by major industry, type of disability, nature of injury, part of body affected, accident type, source of injury, age and sex. The first table shows the total injuries reported over the past fourteen years. The following pages give a detailed analysis of the totals for the current fiscal year. Additional information from past years can be compiled as needed on a request basis, should employers have a need for such information.

A review of the tables presented in this section in relation to individual firms' accident experience can be of value in developing appropriate safety programs or improving existing programs. Currently, the Division participates with the U.S. Department of Labor in a safety consultation program. Division personnel perform on-site consultation inspections to assist employers in understanding or controlling these hazards successfully. Upon request, safety personnel perform these inspections at no charge to the employer.

## DEGREE INJURIES AFFECTED THE EMPLOYEE'S ABILITY TO RETURN TO THE NEXT SCHEDULED WORK SHIFT

With the implementation of the Division's Management Information System in 1976, a new coding format was instituted to better identify the effect an injury has on an employee's work attendance. Prior to fiscal year 1977, the accident was coded either as disabling, which meant the injured party was unable to return to the next scheduled work shift, or nondisabling, which meant that no work time was lost beyond the day of the accident. All accident information coded was from the initial report with no further adjustment effort.

The new reporting format allows the Division more flexibility in identifying lost time injuries. "Lost Time Injuries" refers to those cases where the employee had a medical cost associated with the accident and failed to report to the next scheduled work shift. "No Lost Time Injuries" refers to cases where there was a medical cost involved but the employee attended the next work shift. The minor injuries column refers to cases where a minimal medical cost was initially reported and the employee lost no work time, and therefore considered a minor injury under the OSHA standards. Cases where a firm determination could not be made as to medical cost or lost time were classified as "Unknown." The reader should be cautioned against attempts to make valid comparisons between the two reporting formats.

| Year | Total Injuries | Disabling | Percent of Total | Nondisabling | Percent of Total | Undetermined | Percent of Total |
|---|---|---|---|---|---|---|---|
| 1971-72 | 22,439 | 6,180 | 27.5 | 15,005 | 66.9 | 1,254 | 5.6 |
| 1972-73 | 23,821 | 6,927 | 29.1 | 15,938 | 66.9 | 956 | 4.0 |
| 1973-74 | 27,097 | 8,394 | 31.0 | 17,733 | 65.4 | 970 | 3.6 |
| 1974-75 | 27,120 | 7,875 | 29.0 | 18,312 | 67.5 | 933 | 3.5 |
| 1975-76 | 29,415 | 8,589 | 29.2 | 19,591 | 66.6 | 1,235 | 4.2 |

| Year | Total Injuries | Lost Time Injuries | No Lost Time Injuries | Minor Injuries Not Recordable by OSHA Standards | Fatalities | Unknown |
|---|---|---|---|---|---|---|
| 1976-77 | 31,734 | 9,760 | 2,263 | 15,271 | 46 | 4,394 |
| 1977-78 | 32,060 | 9,668 | 2,172 | 16,965 | 50 | 3,205 |
| 1978-79 | 34,295 | 10,185 | 2,016 | 17,923 | 38 | 4,133 |
| 1979-80 | 34,736 | 10,306 | 2,297 | 18,258 | 37 | 3,838 |
| 1980-81 | 33,888 | 10,127 | 2,155 | 18,453 | 45 | 3,108 |
| 1981-82 | 31,953 | 8,903 | 1,253 | 18,099 | 44 | 3,654 |
| 1982-83 | 29,717 | 8,709 | 3,507 | 12,646 | 45 | 4,810 |
| 1983-84 | 31,343 | 9,597 | 4,514 | 6,682 | 48 | 10,502 |
| 1984-85 | 31,243 | 9,533 | 4,171 | 5,737 | 40 | 11,762 |

## CAUSE OF FATALITIES WITHIN MAJOR INDUSTRY

The table below provides an overview of work fatalities in Montana by compensation plan during fiscal year 1985. Montana industries reported 40 work-related fatalities this year, compared with 45 last year.

| INDUSTRY | PLAN I | PLAN II | PLAN III | TOTAL |
|---|---|---|---|---|
| AGRICULTURE | | | | |
| Strangulation | | | 1 | 1 |
| CONSTRUCTION | | | | |
| Electrocution | | 1 | 2 | 3 |
| Fall from steel tank | | 1 | | 1 |
| Fall from tower | | | 1 | 1 |
| Heart attack | | | 1 | 1 |
| Vehicle accident | | 1 | 1 | 2 |
| MANUFACTURING | | | | |
| Crushed by heavy equipment | | | 2 | 2 |
| Heart attack | | 1 | | 1 |
| Lung tumor | | 1 | | 1 |
| Struck by falling tree | | | 1 | 1 |
| Vehicle accident | | 1 | 1 | 2 |
| MINING | | | | |
| Crushed by heavy equipment | | 1 | | 1 |
| Ditch caved in | | | 1 | 1 |
| Fell from oil rig | | 1 | | 1 |
| Fire accident | 1 | | | 1 |
| Heart attack | | | 1 | 1 |
| Inhaled hydrogen sulfide | | | 2 | 2 |
| PUBLIC ADMINISTRATION | | | | |
| Car/train collision | | | 1 | 1 |
| Gunshot wound | | | 2 | 2 |
| Heart attack | | | 1 | 1 |
| SERVICES | | | | |
| Carbon monoxide poisoning | | 1 | | 1 |
| Heart attack | | | 1 | 1 |
| TRADE | | | | |
| Caught between truck and dock | | | 1 | 1 |
| Decapitated by saw | | | 1 | 1 |
| Gunshot wound | | 1 | 1 | 2 |
| Heart ruptured | | | 1 | 1 |
| Vehicle accident | | 1 | 1 | 2 |
| TRANSPORTATION | | | | |
| Crushed by heavy equipment | | 1 | | 1 |
| Ditch caved in | | | 1 | 1 |
| Electrocution | | | 1 | 1 |
| Vehicle accident | | 1 | | 1 |
| TOTALS | 1 | 13 | 26 | 40 |

## NATURE AND OCCURRENCE OF WORK INJURIES IN MONTANA

The following narratives and tables reflect data on the nature and occurrence of work injuries as reported to and compiled by the Division. The Division classifies and codes reported accidents in accordance with uniform federal guidelines. As of October 18, 1985, employers and inusrance companies reported a total of 31,243 industrial accidents occurring in the fiscal year ended June 30, 1985.

### Nature of Injury

The nature of injury identifies the injury in terms of its principal characteristics.

| Description | Number | Percent |
|---|---|---|
| Burns | 1,418 | 4.5 |
| Open wounds | 9,108 | 29.2 |
| Strains | 10,333 | 33.1 |
| Fractures | 2,318 | 7.4 |
| Diseases | 272 | .9 |
| Bruises | 3,181 | 10.2 |
| Multiple | 157 | .5 |
| Other | 535 | 1.7 |
| Not classified | 3,921 | 12.5 |
| TOTAL | 31,243 | 100.0 |

### Part of Body

The part of body identifies the part of the injured person's body directly affected by injury.

| Description | Number | Percent |
|---|---|---|
| Head, face and neck | 1,772 | 5.7 |
| Eyes | 3,054 | 9.8 |
| Body systems | 566 | 1.8 |
| Trunk | 3,430 | 11.0 |
| Back and spine | 6,786 | 21.7 |
| Arms and wrists | 2,503 | 8.0 |
| Hands and fingers | 6,580 | 21.1 |
| Upper extremities | 298 | .9 |
| Legs and ankles | 3,651 | 11.7 |
| Feet and toes | 1,344 | 4.3 |
| Lower extremities | 68 | .2 |
| Body multiple | 871 | 2.8 |
| Not classified | 320 | 1.0 |
| TOTAL | 31,243 | 100.0 |

## Accident Type

The accident type identifies the event which directly resulted in the injury.

| Description | Number | Percent |
|---|---|---|
| Struck by object | 11,287 | 36.2 |
| Caught in, on, or between | 1,513 | 4.8 |
| Slips and falls | 3,729 | 11.9 |
| Motor vehicle | 584 | 1.9 |
| Strain or overexertion | 8,597 | 27.5 |
| Temperature extremes | 785 | 2.5 |
| Electrical current | 51 | .2 |
| Inhalation | 1,001 | 3.2 |
| Rubbed or abraded | 2,009 | 6.4 |
| Combinations | 318 | 1.0 |
| Not classified | 1,369 | 4.4 |
| TOTAL | 31,243 | 100.0 |

## Source of Injury

The source of injury identifies the object, substance, exposure, or bodily motions which directly produced or inflicted the injury.

| Description | Number | Percent |
|---|---|---|
| Animals | 1,670 | 5.4 |
| Atmosphere | 122 | .4 |
| Body motion | 2,349 | 7.5 |
| Boilers | 140 | .5 |
| Boxes and barrels | 2,539 | 8.1 |
| Buildings | 723 | 2.3 |
| Chemicals | 968 | 3.1 |
| Conveyors | 130 | .4 |
| Construction materials | 1 | .0 |
| Dirt masses | 264 | .8 |
| Electrical apparatus | 281 | .9 |
| Flame and smoke | 281 | .9 |
| Food | 317 | 1.0 |
| Furniture | 793 | 2.5 |
| Glass | 486 | 1.6 |
| Hand tools | 3,196 | 10.2 |
| Hoisting apparatus | 350 | 1.1 |
| Ladders | 90 | .3 |
| Machines | 1,058 | 3.4 |
| Mechanical transmission | 306 | 1.0 |
| Metal items | 4,334 | 13.9 |
| Particles | 931 | 3.0 |
| Textile | 179 | .6 |
| Trees | 2,077 | 6.6 |
| Vehicles | 2,315 | 7.4 |
| Working surfaces | 3,602 | 11.5 |
| Miscellaneous | 212 | .7 |
| Not classified | 1,529 | 4.9 |
| TOTAL | 31,243 | 100.0 |

Industry Group

These are the standard industrial classifications and provide an overview of experience by industry.

| Description | Number | Percent | Employment (thousands)* |
|---|---|---|---|
| Agriculture | 2,042 | 6.5 | 34.7 |
| Mining | 1,568 | 5.0 | 6.8 |
| Construction | 3,975 | 12.7 | 12.1 |
| Manufacturing | 4,895 | 15.8 | 21.4 |
| Transportation and public utilities | 2,044 | 6.5 | 16.6 |
| Wholesale trade | 2,038 | 6.5 | 17.0 |
| Retail trade | 5,367 | 17.2 | 59.0 |
| Finance, insurance, real estate | 317 | 1.0 | 13.3 |
| Services | 6,556 | 21.0 | 57.6 |
| Public administration | 1,979 | 6.3 | 63.8 |
| Not classified | 462 | 1.5 | |
| TOTAL | 31,243 | 100.0 | |

*Montana Employment, Wages and Contributions, Second Quarter 1985

Work Injuries by Age and Sex

This table compares the work injuries for fiscal year 1985 by age group and sex. The median age of both injured male and female workers was in the 30-34 year age group.

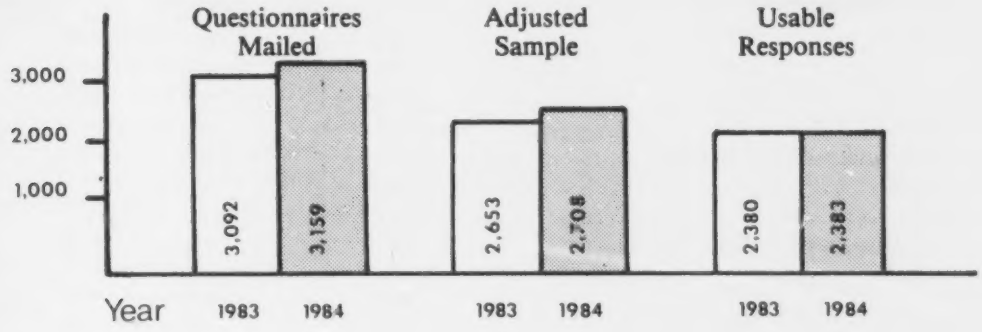
| Age Group | Male | Female | Both |
|---|---|---|---|
| Below 15 | 7 | 1 | 8 |
| 15-19 | 1,270 | 494 | 1,764 |
| 20-24 | 4,224 | 1,165 | 5,389 |
| 25-29 | 4,635 | 1,166 | 5,801 |
| 30-34 | 3,782 | 998 | 4,780 |
| 35-39 | 2,594 | 705 | 3,299 |
| 40-44 | 1,743 | 671 | 2,414 |
| 45-49 | 1,346 | 532 | 1,878 |
| 50-54 | 1,121 | 451 | 1,572 |
| 55-59 | 922 | 347 | 1,269 |
| 60-64 | 487 | 217 | 704 |
| 65-69 | 117 | 56 | 173 |
| 70-74 | 37 | 14 | 51 |
| Over 75 | 17 | 7 | 24 |
| Not classified | 1,751 | 366 | 2,117 |
| TOTAL | 24,053 | 7,190 | 31,243 |

## OCCUPATIONAL SAFETY AND HEALTH ACT SURVEY

The annual Occupational Safety and Health Survey is conducted by the Statistics Section of the division in cooperation with the Bureau of Labor Statistics of the U.S. Department of Labor. Reported data are based on employer maintained records. The results of the survey are used in measuring and evaluating the effectiveness of the Occupational Safety and Health Act in reducing work-related injuries and illnesses. Survey results are also used as a tool to direct education and inspection activity to industries which have the greatest need for safety improvement programs.

The survey, conducted on a calendar year basis, includes employers of all private industries except self-employed individuals and agricultural firms employing ten or less employees. Federal, state and local government is not included. The data for certain mining activities, railroads, and federal reserve banks was supplied directly by the Bureau of Labor Statistics.

Questionnaires were mailed to 3,159 employers for the 1984 survey and approximately 750 questionnaires are found to be unusable. The overall usable response rate for 1984 was 88 percent. The response rate for 1983 was 89.7 percent. The table below compares other mailing statistics with those of 1983.




## 1983 and 1984 INJURY AND ILLNESS INCIDENCE RATES

| | Total Cases | | Lost Workday Cases | | Lost Workdays | | No Lost Workday Cases | |
|---|---|---|---|---|---|---|---|---|
| | 1983 | 1984 | 1983 | 1984 | 1983 | 1984 | 1983 | 1984 |
| All Industries* | 8.3 | 8.5 | 3.6 | 3.6 | 69.5 | 69.8 | 4.7 | 4.9 |
| Agriculture, Forestry and Fishing** | 12.6 | 14.1 | 4.1 | 6.1 | 80.2 | 137.5 | 8.5 | 8.0 |
| Mining | 8.0 | 11.4 | 4.0 | 5.5 | 98.5 | 170.5 | 3.9 | 5.8 |
| Construction | 14.3 | 15.7 | 6.9 | 6.4 | 102.6 | 103.5 | 7.3 | 9.2 |
| Manufacturing | 17.1 | 16.5 | 8.9 | 7.5 | 205.2 | 152.5 | 8.2 | 9.0 |
| Transportation, Communications, Electric, Gas & Sanitary Services | 6.8 | 7.5 | 3.4 | 4.1 | 68.8 | 92.2 | 3.4 | 3.4 |
| Wholesale and Retail Trade | 6.7 | 7.2 | 2.3 | 2.5 | 39.9 | 44.7 | 4.4 | 4.7 |
| Wholesale Trade | 8.5 | 9.5 | 3.4 | 3.7 | 54.9 | 64.6 | 5.1 | 5.8 |
| Retail Trade | 6.1 | 6.4 | 1.9 | 2.1 | 34.1 | 86.2 | 4.2 | 4.3 |
| Finance, Insurance and Real Estate | 0.7 | 1.0 | 0.3 | 0.5 | 3.3 | 10.6 | 0.4 | 0.5 |
| Services | 7.4 | 6.3 | 3.0 | 2.5 | 49.1 | 39.9 | 4.4 | 3.8 |

*Private sector
**Does not include agriculture with ten or less employees

Incidence rates were calculated as follows: N/EH x 200,000 where
N = number of injuries and illnesses or lost workdays
EH = total hours worked by all employees during the calendar year
200,000 = base for 100 full-time equivalent workers (50 weeks x 40 hours)

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